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C O N F I D E N T I A L SECTION 01 OF 03 BRUSSELS 000239

SIPDIS

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TSPL

SUBJECT: EU DIRECTOR GENERAL FOR ENVIRONMENT LOOKS FOR
EXPANDED COOPERATION WITH U.S.

Classified By: Economic Minister Counselor Peter Chase, Reasons: 1.4 (b)
) and (d)

11. (C) Summary: New EU Director General for the Environment
Falkenberg told USEU 2/19 that:

-- his recent meetings with Administration officials and on
the Hill highlighted the need and potential for US-EU
collaboration on climate change;

-- Environment Commissioner Dimas' open letter to Washington
was unwise;

-- he hopes to speak to Climate Change Negotiator Stern soon
to compare notes on India and China and to lay the ground for
more active cooperation in bringing these countries into a
new agreement;

-- the EU is upping the ante with key emerging markets;
Falkenberg told New Delhi last week that only 'measurable,
verifiable and binding' commitments at Copenhagen will unlock
funds to help it mitigate and adapt to climate change;

-- the Commission and 'three to four' EU member states will
effectively negotiate for the EU at the UNFCCC, although all
27 member states participate in their own right (the smaller
states will rely on the Commission to represent them);

-- he wonders if the US will be able to complete domestic
climate change legislation by Copenhagen and how that will
affect our negotiating stance; he is concerned some in
Congress want to revert to a carbon tax approach;

-- he wants to expand cooperation on emissions trading
systems and ways to link them, noting that underlying
approaches must be similar for this to work;

-- Commission President Barroso leans toward creating an
Energy and Climate Directorate General late this year but may
rethink this when he realizes doing so bureaucratically
weakens his influence over Commission climate policy. End
Summary.

12. (SBU) Newly appointed EU Director General for Environment
Karl Falkenberg told USEU EMIN and EconOff he hoped to
cooperate closely with the United States in the run-up to
Copenhagen. He appreciated the meetings he had in Washington
immediately after the inauguration, and believes close
informal U.S.-EU discussions will be needed to move the
UNFCCC negotiations moving forward. A long-time trade
negotiator, Falkenberg agreed that it would be particularly
important for the U.S. and EU to quietly and informally
compare notes on our analysis of and approaches to key

emerging countries, notably China and India (he just visited the latter). He was sorry to have missed Mr. Stern in Washington, as he prefers to meet counterparts personally first, but thinks a phone conversation with Mr. Stern might be useful even before the Bonn UNFCCC meeting in March. (In an aside, Falkenberg said EU Environment Commissioner Dimas' 'Open Letter' to President Obama on climate change was ill-advised, and motivated more by domestic politics than a desire to influence Washington. He noted particular disapproval for the references to Joe the Plumber and Exxon's profit margin).

13. (C) On his visit last week to New Delhi, Falkenberg noted the Indians still argue that they have a 'human right to pollute' and cannot accept a ceiling lower than existing developed country per capita emissions. He told them this was nonsense as India has the most to lose from global warming and the fewest resources to address it. Reflecting the evolving EU position toward key emerging countries, he told his interlocutors that they would need to accept 'measurable, verifiable and binding' undertakings in any international agreement to unlock the funds they need from developed countries to address their mitigation and adaptation efforts. He found it interesting that the Indians expressed concerns that the EU appears to be downgrading the Clean Development Mechanism (CDM), which they had criticized before. Falkenberg impressed upon the Indians that is not the case, although the CDM does need to be strengthened to ensure actual emissions reductions.

14. (C) Turning to the EU, Falkenberg believes there will more

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of a Community focus on Copenhagen, as opposed to each of the Member States working independently. Specifically, he expects 'at most three to four' EU member states will be involved in the active small group discussions, with the remaining member states looking to the European Commission's participation to protect their interests. He would prefer that the EU have a single Community-wide target coming from Copenhagen (20% emissions reduction as compared to 1990 at the moment, anywhere up to 30% upon an agreement in which major partners take comparable commitments), with the EU solely responsible to the UN; the Member States would be responsible only to the EU as under the Climate and Energy Package. That is, only the EU has a UN target, and individual Member States do not submit individual targets at Copenhagen. He seemed skeptical that the EU would be able to achieve such an umbrella approach, however, as this depends on how the EU's international partners respond to the proposal. (Note: This Commission desire for an umbrella target may provide some leverage in dealing with the Europeans. Some Member States will favor this approach, while a few will look to maintain some of their independence.

In the end however, according to conversations with several Member States, the center of gravity appears likely to move to Brussels, at least to some extent. End note.)

15. (C) With respect to the United States, Falkenberg noted that during his consultations in Washington, he got a distinct sense, especially on the Hill, that it will be difficult for us to complete domestic climate change legislation before the end of the year, and that this could hamper us in the Copenhagen negotiations. He appeared troubled by what he feels could be a growing impetus toward a carbon tax approach for dealing with climate change, and noted the irony that if we did go that route, the U.S. and EU would have completely switched our initial approaches to the UNFCCC talks. He hopes that U.S. and EU experts will continue technical talks about how emissions trading systems can work, and how they might eventually be linked, although such linkage depends on the systems being similar in approach and ambition. In the meantime, the U.S. and EU should also continue to cooperate closely on energy technologies, including biofuels, carbon capture, hydrogen cells, solar, and renewables; Falkenberg emphasized the need to

substantially increase cooperation on energy efficiency. Although a bit skeptical of the Transatlantic Economic Council, he acknowledged that placing energy technologies under the TEC rubric could be helpful in promoting this cooperation and ensuring high-level multidisciplinary discussion of climate change issues; he also accepts that a TEC role need not detract from any existing U.S.-EU dialogues.

¶6. (C) In an aside, Falkenberg related that Commission President Barroso currently supports establishing a new Directorate General for Energy and Climate when the current DG for Transport and Energy is divided later this year. A new DG Energy and Climate, however, could not be done before a new Commission is installed later this year, however, as Environment Commissioner Dimas strongly opposes it and has threatened to resign if climate change is removed from DG ENV. Falkenberg appears much less concerned about the possible loss of a major part of his new portfolio. He commented that he expects the President, and the Commission Secretary General, to realize that they are in a position to exert power over climate change policy precisely because of the tensions between the Energy and Environment Commissioners and Directorates. If these are combined, the President's office has far less ground to inject itself to 'resolve problems,' that is, direct policy.

¶7. (C) Biographic Note: Karl Falkenberg is the new Director General for Environment, his term having begun on January 1, ¶2009. Previously Deputy Director General for Trade, Falkenberg has spent almost his entire 30 year career with the EU Commission in DG TRADE. As such, he is accustomed to international negotiations, but understands that he is in a totally new context in DG Environment. In the case of trade, the competence lies completely with the Commission; in environmental and climate change negotiations, however, he will need to work much more closely with the Member States and the European Parliament. During the meeting, Falkenberg was relaxed, exceedingly frank and interested in providing as much information and assistance as possible, often noting his understanding of U.S. domestic realities and how those will affect international policy. Falkenberg is much more

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measured in his approach than several of his EU colleagues in DG Environment, likely a result of his time in DG TRADE, and USEU considers that he will be an excellent contact during negotiations in 2009.

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